

**Lawrence Berkeley National Laboratory
Contract Assurance Council
Meeting Minutes**

**Wednesday, August 9, 2006
University of California—Office of the President
Franklin Building, Room 11326**

CAC members or representatives present:

Bob Foley	Gary Falle for Bruce	Buck Koonce
Bob Van Ness	Darling	John Layton by phone
John Birely	John Oakley	

CAC members absent:

Jeff Blair	Larry Coleman	Patrick Reed
Anne Broome	Judy Boyette	

UCOP Staff:

Jim Hirahara	Sharon Eklund by phone
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Guest participants:

Jim Krupnick, LBNL	Bill Eklund, UCOP
John Chernowski, LBNL	Ron Nelson, UCOP

Introductory Remarks/Action Item Review

Bob Van Ness welcomed members and guests to the Contract Assurance Council (CAC) monthly meeting and indicated that the UCOP Laboratory Management Office (LMO) has been working on the possibility of rescheduling upcoming meetings to avoid standing conflicts for some members. Any schedule changes will be announced at the next CAC meeting. Jim Hirahara reviewed the open Action Items (see end of minutes for detailed listing of Items):

- Items 12 and 13—These will remain open until discussion at a future meeting;
- Item 16—The report was provided electronically as an attachment to the meeting agenda. This item will be closed;
- Items 19 and 20—The McCallum Turner team report is expected in early October. LBNL thinks that principal investigators may be recognized as a potential vulnerability, and the Lab would like to see the team assessment of the LBNL plan for addressing the problem before briefing the CAC. It was agreed that David McGraw will give an introductory briefing on principal investigator management roles, responsibilities, authorities, and accountabilities to the CAC at the September meeting, to be followed by a more in-depth presentation at the October meeting; and
- Item 21—This item will be presented at a future meeting.

The Council members unanimously approved the minutes of the July 12, 2006, meeting as submitted

Third Quarter PEMP Report/Risk Registry

John Chernowski, LBNL Manager of Contract Assurance, reviewed current status of the Lab performance on the PEMP FY06 measures. The DOE/Office of Science (SC) evaluates performance on science and technology (S&T)—Goals 1 to 3. Scores in various programs are weighted based on the relative amount of funding LBNL receives from each program office in order to arrive at a total score for each goal. The S&T score is used to establish the “gateway” for the maximum percentage of performance fee that may be earned by the contractor. Chernowski explained that the risk is low on the S&T goals since the SC feedback has been very positive.

For the management and operations (M&O) goals (4-8), a minimum score of B+ in each goal is necessary for the Lab to be eligible for 100% of the available performance fee. If performance is below B- on any single goal, LBNL loses eligibility for the contract to be extended for an additional year. The DOE/Berkeley Site Office (BSO) determines the grades for the M&O goals after reviewing the UCOP/LBNL self-assessment. LBNL communicates regularly with Aundra Richards, BSO Manager, so there are hopefully “no surprises” in the performance evaluation process.

When asked about the Lab level of interest in patents, Chernowski indicated that LBNL Director Chu focuses on patents as a source of revenue to be used for Lab research programs. (UC owns the patent rights.)

Chernowski reported the following for Goals 4-6:

- Goal 4—B+ or higher;
- Goal 5—B+ or higher, but the Lab is working with BSO to determine how to pursue validation of the closing of each of the OSHA inspection findings (all involving electrical safety); and
- Goal 6—B+ or higher, but problems to be addressed include full correction of improper withholding of taxes on employee stipends, finalizing an improved procurement training plan, and dealing with a “flawed” property measure.

Updates

Jim Krupnick, Director of Institutional Assurance at LBNL, announced that

- The McCallum Turner review of the Integrated Safety Management System involves a ten-day visit by eight subject matter experts from SC sites to take another look at the adequacy of the Corrective Action Plan (CAP);
- Howard Hatayama has been selected as the permanent LBNL Environment, Health, and Safety Division Director;
- The Lab is close to completing their selection of an IT Division Director; and
- There is general agreement between LBNL, UCOP, and BSO on the FY07 PEMP M&O measures, except in the facilities area, where discussion continues on how to

distill 16 DOE-proposed energy measures into a few significant ones. Overall, the FY07 PEMP negotiations resulted in incremental improvements over the FY06 measures.

John Layton asked about the overhead burdens mentioned in the LBNL Advisory Board letter report, and Krupnick said that Director Chu has been working on driving down the overhead rate. Other questions concerning the report were related to the “independent operating ventures” and “oversight mechanisms need to be carefully reviewed” were deferred to a future meeting. The Council agreed to establish an Action Item to address these questions at a future meeting. The Advisory Board charter was revised, partially based on input from John Oakley, UC Academic Senate Chair, and on a discussion that resulted in the Academic Senate representative being a full member of the Board.

Action Items:

<i>#</i>	<i>Responsible Party</i>	<i>Action</i>	<i>Date Added</i>	<i>Status</i>
12	Hatayama LBNL	Personally review LBNL select agent processes and personnel to assure appropriate controls are in place—report back to CAC.	05/10/06	OPEN
13	Eklund UCOP	Add <i>Select Agents</i> as a topic to a future CAC agenda.	05/10/06	OPEN
19	Merola/ Burnside LBNL	Define operational requirements and associated agreements in regard to LBNL research on UCB campus. This includes ES&H and other operational requirements.	06/14/06	OPEN
20	Merola LBNL	Explain how LBNL manages Principal Investigators.	06/14/06	OPEN
21	McGraw/ Hatayama LBNL	Report on controlled substances process improvements.	06/14/06	OPEN
24	Krupnick LBNL	Provide further detail on LBNL Advisory Board report (independent operating ventures and need for review of oversight mechanisms references)	08/09/06	OPEN
		<i>On-going Actions</i>		
5	Eklund UCOP	Schedule a ten-minute Executive Session at the close of each CAC quarterly meeting.	04/12/06	Quarterly Action

6	Eklund UCOP	Schedule quarterly CAC meetings to be held at LBNL.	04/12/06	Quarterly Action
7	Hirahara UCOP	Implement a call for agenda topics prior to each meeting.	04/12/06	Monthly Action
22	Fernandez	Report quarterly on supply chain initiative planned cost savings versus actual.	06/14/06	Quarterly Action
<i>Completed or Cancelled Actions</i>				
1	Chernowski LBNL	Modify Risk Registry report to include a column in which BSO concurrence with the current status of the item can be indicated.	04/12/06	Cancelled
2	Chernowski LBNL	Plan C31 Risk Registry updates for the quarterly meetings and as-needed at the monthly meetings.	04/12/06	Done—next report at 07/12 meeting
3	Fernandez LBNL	Brief the Council on how LBNL is tracking cost savings and the current status.	04/12/06	Done—held on 6/14
4	Chernowski LBNL	Schedule a dry run of the presentation to senior LBNL and BSO management of second quarter performance. (UC-internal only).	04/12/06	Done—held on 05/02
8	Merola LBNL	Provide the Council with the number of LBNL PIs working with controlled substances.	05/10/06	Done—presented on 6/14
9	Merola LBNL	Provide the Council with the quantity of controlled substances ordered by LBNL annually.	05/10/06	Done—presented on 6/14
10	Merola LBNL	Provide the Council with the number of discrete locations where controlled substances are handled at LBNL.	05/10/06	Done—presented on 6/14
11	Hatayama LBNL	Personally review LBNL controlled substance and drug precursor processes and personnel to assure appropriate controls are in place—report back to CAC.	05/10/06	Done—presented on 6/14

14	Eklund UCOP	Add <i>Accounts payable</i> as a topic to a future CAC agenda.	05/10/06	Done— presented on 7/12
15	Krupnick LBNL	Provide CAC with further detail on the thorium inventory and reportability.	05/10/06	Done— presented on 7/12
16	Merola LBNL	Provide LBNL Advisory Board report to CAC when complete.	05/10/06	Done— presented on 8/9
17	Hirahara LBNL	Invite Aundra Richards to 07/12 Quarterly CAC Meeting.	05/10/06	Done— discussed on 6/14
18	Koonce LBNL	Identify the UCOP senior management “owner” of the LBNL bonding issue.	05/10/06	Done— presented on 6/14
23	Koonce/ Eklund UCOP	Provide Susan Thomas, UC-GC, a copy of the policy and procedures regarding who in Purchasing should have access to the vendor master.	07/12/06	Done—sent on 07/19